

111TH CONGRESS
1ST SESSION

H. R. 3743

To amend the Small Business Act to improve the disaster relief programs of the Small Business Administration, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 2009

Mr. GRIFFITH introduced the following bill; which was referred to the Committee on Small Business

A BILL

To amend the Small Business Act to improve the disaster relief programs of the Small Business Administration, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Small Business Dis-
5 aster Readiness and Reform Act of 2009”.

6 **SEC. 2. REVISED COLLATERAL REQUIREMENTS.**

7 Section 7 of the Small Business Act (15 U.S.C. 636)
8 is amended—

9 (1) by striking “(e) [RESERVED].” and “(f)
10 [RESERVED].”; and

1 (2) in subsection (f), as added by section
 2 12068(a)(2) of the Small Business Disaster Re-
 3 sponse and Loan Improvements Act of 2008 (sub-
 4 title B of title XII of the Food, Conservation, and
 5 Energy Act of 2008; Public Law 110–246), by add-
 6 ing at the end the following:

7 “(2) REVISED COLLATERAL REQUIREMENTS.—
 8 In making a loan with respect to a business under
 9 subsection (b), if the total approved amount of such
 10 loan is less than or equal to \$250,000, the Adminis-
 11 trator may not require the borrower to use the bor-
 12 rower’s home as collateral.”.

13 **SEC. 3. INCREASED LIMITS.**

14 Section 7(b) of the Small Business Act (15 U.S.C.
 15 636(b)) is amended—

16 (1) in paragraph (3)(E) by striking
 17 “\$1,500,000” each place it appears and inserting
 18 “\$3,000,000”; and

19 (2) in paragraph (8)(A) by striking
 20 “\$2,000,000” and inserting “\$3,000,000”.

21 **SEC. 4. REVISED REPAYMENT TERMS.**

22 Section 7(f) of the Small Business Act (15 U.S.C.
 23 636(f)) is amended by adding at the end the following:

24 “(3) REVISED REPAYMENT TERMS.—In making
 25 loans under subsection (b), the Administrator—

1 “(A) may not require repayment to begin
 2 until the date that is 12 months after the date
 3 on which the final disbursement of approved
 4 amounts is made; and

5 “(B) shall calculate the amount of repay-
 6 ment based solely on the amounts disbursed.”.

7 **SEC. 5. REVISED DISBURSEMENT PROCESS.**

8 Section 7(f) of the Small Business Act (15 U.S.C.
 9 636(f)), as amended by this Act, is further amended by
 10 adding at the end the following:

11 “(4) REVISED DISBURSEMENT PROCESS.—In
 12 making a loan under subsection (b), the Adminis-
 13 trator shall disburse loan amounts in accordance
 14 with the following:

15 “(A) If the total amount approved with re-
 16 spect to such loan is less than or equal to
 17 \$150,000—

18 “(i) the first disbursement with re-
 19 spect to such loan shall consist of 40 per-
 20 cent of the total loan amount, or a lesser
 21 percentage of the total loan amount if the
 22 Administrator and the borrower agree on
 23 such a lesser percentage;

24 “(ii) the second disbursement shall
 25 consist of 50 percent of the loan amounts

1 that remain after the first disbursement,
2 and shall be made when the borrower has
3 produced satisfactory receipts to dem-
4 onstrate the proper use of 50 percent of
5 the first disbursement; and

6 “(iii) the third disbursement shall
7 consist of the loan amounts that remain
8 after the preceding disbursements, and
9 shall be made when the borrower has pro-
10 duced satisfactory receipts to demonstrate
11 the proper use of the first disbursement
12 and 50 percent of the second disburse-
13 ment.

14 “(B) If the total amount approved with re-
15 spect to such loan is more than \$150,000 but
16 less than or equal to \$500,000—

17 “(i) the first disbursement with re-
18 spect to such loan shall consist of 20 per-
19 cent of the total loan amount, or a lesser
20 percentage of the total loan amount if the
21 Administrator and the borrower agree on
22 such a lesser percentage;

23 “(ii) the second disbursement shall
24 consist of 30 percent of the loan amounts
25 that remain after the first disbursement,

1 and shall be made when the borrower has
2 produced satisfactory receipts to dem-
3 onstrate the proper use of 50 percent of
4 the first disbursement;

5 “(iii) the third disbursement shall
6 consist of 25 percent of the loan amounts
7 that remain after the first and second dis-
8 bursements, and shall be made when the
9 borrower has produced satisfactory receipts
10 to demonstrate the proper use of the first
11 disbursement and 50 percent of the second
12 disbursement; and

13 “(iv) the fourth disbursement shall
14 consist of the loan amounts that remain
15 after the preceding disbursements, and
16 shall be made when the borrower has pro-
17 duced satisfactory receipts to demonstrate
18 the proper use of the first and second dis-
19 bursements and 50 percent of the third
20 disbursement.

21 “(C) If the total amount approved with re-
22 spect to such loan is more than \$500,000—

23 “(i) the first disbursement with re-
24 spect to such loan shall consist of at least
25 \$100,000, or a lesser amount if the Ad-

1 administrator and the borrower agree on
2 such a lesser amount; and

3 “(ii) the number of disbursements
4 after the first, and the amount of each
5 such disbursement, shall be in the discre-
6 tion of the Administrator, but the amount
7 of each such disbursement shall be at least
8 \$100,000.”.

9 **SEC. 6. GRANT PROGRAM.**

10 Section 7(b) of the Small Business Act (15 U.S.C.
11 636(b)), as amended by this Act, is further amended by
12 inserting after paragraph (9) the following:

13 “(10) GRANTS TO DISASTER-AFFECTED SMALL
14 BUSINESSES.—

15 “(A) IN GENERAL.—If the Administrator
16 declares eligibility for additional disaster assist-
17 ance under paragraph (9), the Administrator
18 may make a grant, in an amount not exceeding
19 \$100,000, to a small business concern that—

20 “(i) is located in an area affected by
21 the applicable major disaster;

22 “(ii) submits to the Administrator a
23 certification by the owner of the concern
24 that such owner intends to reestablish the

1 concern in the same county in which the
 2 concern was originally located;

3 “(iii) has applied for, and was rejected
 4 for, a conventional disaster assistance loan
 5 under this subsection; and

6 “(iv) was in existence for at least 2
 7 years before the date on which the applica-
 8 ble disaster declaration was made.

9 “(B) PRIORITY.—In making grants under
 10 this paragraph, the Administrator shall give
 11 priority to a small business concern that the
 12 Administrator determines is economically viable
 13 but unable to meet short-term financial obliga-
 14 tions.

15 “(C) AUTHORIZATION OF APPROPRIA-
 16 TIONS.—There are authorized to be appro-
 17 priated to the Administrator such sums as may
 18 be necessary to carry out this paragraph.”.

19 **SEC. 7. REGIONAL DISASTER WORKING GROUPS.**

20 Section 40 of the Small Business Act (15 U.S.C.
 21 657l) is amended—

22 (1) in subsection (a), in the matter preceding
 23 paragraph (1), by striking “or” and inserting “and”;

24 (2) by redesignating subsection (d) as sub-
 25 section (e); and

1 (3) by inserting after subsection (c) the fol-
2 lowing:

3 “(d) REGIONAL DISASTER WORKING GROUPS.—In
4 carrying out subsection (a), the Administrator, acting
5 through the regional administrators of the regional offices
6 of the Administration, shall develop a disaster prepared-
7 ness and response plan for each region of the Administra-
8 tion. Each such plan shall be developed in cooperation
9 with Federal, State, and local emergency response authori-
10 ties and representatives of businesses located in the region
11 to which such plan applies. Each such plan shall identify
12 and include a plan relating to the 3 disasters, natural or
13 manmade, most likely to occur in the region to which such
14 plan applies.”.

15 **SEC. 8. OUTREACH GRANTS FOR LOAN APPLICANT ASSIST-**
16 **ANCE.**

17 Section 7(b) of the Small Business Act (15 U.S.C.
18 636(b)), as amended by this Act, is further amended by
19 inserting after paragraph (10) the following:

20 “(11) OUTREACH GRANTS FOR LOAN APPLI-
21 CANT ASSISTANCE.—

22 “(A) IN GENERAL.—From amounts made
23 available for administrative expenses relating to
24 activities under this subsection, the Adminis-

1 trator is authorized to make grants to the fol-
2 lowing:

3 “(i) A women’s business center in an
4 area affected by a disaster.

5 “(ii) A small business development
6 center in an area affected by a disaster.

7 “(iii) A Veteran Business Outreach
8 Center in an area affected by a disaster.

9 “(iv) A chamber of commerce in an
10 area affected by a disaster.

11 “(B) USE OF GRANT.—An entity specified
12 under subparagraph (A) shall use a grant re-
13 ceived under this paragraph to provide applica-
14 tion preparation assistance to applicants for a
15 loan under this subsection.”.

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